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FOREIGN-TRADE ZONES BOARD

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October 9, 2009

OFFICE OF THE  
EXECUTIVE SECRETARY

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**VIA ELECTRONIC SUBMISSION**

Mr. Andrew McGilvray  
Executive Secretary  
Foreign-Trade Zones Board  
U.S. Department of Commerce  
1401 Constitution Avenue, NW  
Room 2111  
Washington, DC 20230

**Re: Foreign-Trade Zone 82, Application for Subzone Authority;  
Comments of Nucor Corporation**

Dear Mr. McGilvray:

On behalf of Nucor Corporation, a U.S. producer of steel products, we would like to clarify the record with regard to Nucor's status in a Foreign-Trade Zone.

On September 10, 2009, the Foreign-Trade Zones Board held a hearing on the application of ThyssenKrupp Steel and Stainless USA ("TK") for subzone status for its steel mill at Mobile, Alabama. At the hearing, Representative Bonner of Alabama read into the record a letter from Governor Bob Riley. In that letter, Governor Riley indicated that Nucor's Decatur, Alabama steel mill is located inside of FTZ 83, and has subzone status. The implication was that anyone in the steel industry could obtain zone status if TK's application is granted, and that the status of the Nucor mill demonstrated that this was the case.

The fact that Nucor's Decatur mill is located in a Foreign-Trade Zone should not be used as a reason for the Board to grant TK's application. The Decatur mill does not have subzone status. The Decatur mill is located at the Mallard Fox Creek Industrial Park, which is part of FTZ 83, a general purpose zone operated by the local airport authority. Nucor has never used the benefits of the general purpose zone, and has no plans to do so at this time. Nucor purchased the Decatur mill after the prior owner had gone bankrupt and shut down the mill. Nucor did not purchase the mill because of its location in a Foreign-Trade Zone, and has never taken advantage of the location to import any inputs duty-free.

Although it has been suggested that any and all U.S. steel producers could join TK in seeking FTZ benefits, Nucor's Decatur mill demonstrates why this is not so. The Decatur mill, like all Nucor mills and many other U.S. steel mills, is a

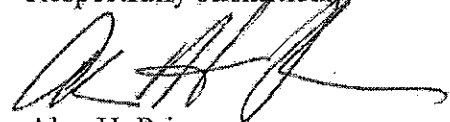
"mini-mill." The full production capacity of such mills is much lower than the planned 5.5 million metric tons per year that TK plans for its Mobile plant. Further, most mini-mill producers, like Nucor, operate multiple mills throughout the country.

Zone status involves significant costs. In order for Nucor to obtain comparable competitive benefits of zone status, activating the Decatur zone would not be enough. This process would have to be replicated at each of the company's other carbon steel mini-mills, each of which would have to separately apply for zone or subzone status, and shoulder significant administrative burdens, including the implementation of strict inventory control procedures, employee training, and oversight by U.S. Customs and Border Protection.

Further, given that U.S. steel producers are primarily focused on supplying the U.S. market, the only possible benefit of FTZ status to U.S. producers would be in the form of avoiding inverted tariffs on steel inputs, such as ferroalloys. Indeed, TK itself has indicated that this is the primary reason why it seeks subzone status for the Mobile plant. Were all U.S. producers to obtain zone status, the inverted tariff system put into place by the U.S. Congress would be completely subverted. We do not believe that Congress could have intended the FTZ process to be used as an industry-wide end-run around the tariff schedule it has specified in law.

In sum, Nucor's Decatur mill has not used FTZ benefits, despite its location inside of a general-purpose zone. None of Nucor's mills have either applied for or used such benefits. If its application for subzone status is granted, TK's single mega-mill may be able to take advantage of FTZ benefits in a way that would be impractical for other U.S. producers, who generally operate multiple mini-mills, to replicate. Finally, were all U.S. producers, following TK's example, to successfully apply for zone status and begin importing steel inputs duty free, the tariff regime legislated by Congress will be completely undermined.

Respectfully submitted,



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